

## Message Text

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ORIGIN XMB-04

INFO OCT-01 ARA-06 ISO-00 EB-07 COME-00 TRSE-00 AID-05

/023 R

DRAFTED BY:XMB:TACHAPMAN

APPROVED BY:EB/IFD/ODF:RASWART

XMB:R. D. CRAFTON

ARA/CEN:DJOHNSON

SPECIAL CHARGE: EXIMBANK

----- 112570

R 250141Z AUG 76

FM SECSTATE WASHDC

TO AMEMBASSY GUATEMALA

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E.O. 11652: N/A

TAGS: EFIN

SUBJECT: INQUIRY SALE OF BUSES

1. EXIMBANK VISITED AUGUST 18 BY REPRESENTATIVES OF TRANSPORT ENGINEERING CO. WHO ARE DISTRIBUTORS FOR SUPERIOR COACH DIVISION OF SELLER-GLOBE. EDWARD A. JOHNSON SR., PRESIDENT OF TRANSPORT ENGINEERING REPORT WISH OF ASOCIACION DE EMPRESAS DE AUTOBUSES URBANOS TO PURCHASE 600 BUSES FOR USE BY 16 AFFILIATED EMPRESAS. AT UNIT COST OF 23,700 TOTAL COST WOULD BE \$14,220,000. ORDER WOULD BE MAJOR ONE FOR SUPERIOR PLANT IN KOSCIUSKO, MISSISSIPPI WHICH CAUSED STAFF OF MISSISSIPPI SENATORS TO ACCOMPANY JOHNSON.

2. JOHNSON REPORTED ASOCIACION CAN PROVIDE 10 PERCENT CASH PAYMENT BUT REQUIRES FINANCING FOR REMAINDER. SPANISH COMPETITOR IS REPORTEDLY OFFERING FINANCING AND HAS ALREADY OBTAINED CONTRACT FROM NEW BUS OPERATOR NAMED EL CONDOR. MUNICIPALITY OF GUATEMALA WOULD SUPPORT SALE IN VARIOUS WAYS INCLUDING PLEDGE OF FRANCHISE FEES. UNCLEAR WHO WOULD PROVIDE MAINTENANCE FACILITIES.

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3. EXIMBANK INFORMED VISITORS THAT FINANCIAL ASSISTANCE COULD PROBABLY BE PROVIDED ONLY IF GOVERNMENT OF GUATEMALA SUPPORTED TRANSACTION. EXIMBANK SUGGESTED THAT MINISTRY OF COMMUNICATIONS AND PUBLIC WORKS MIGHT ACT AS BORROWER AND MINISTRY OF FINANCE AS GUARANTOR. PAST EXPERIENCE SUGGESTS CENTRAL BANK GUARANTEE PROBABLY NOT REPEAT NOT AVAILABLE ALTHOUGH THIS WOULD BE ACCEPTABLE ALTERNATIVE.

4. EXIMBANK NOW REQUIRES 15 PERCENT CASH PAYMENT AND WOULD EXPECT COMMERCIAL BANKS TO PROVIDE FINANCING FOR APPROXIMATELY HALF OF TOTAL COSTS. JOHNSON REPORTEDLY PRELIMINARY INTEREST IN POSSIBLY FINANCING PART OF COSTS HAS BEEN EXPRESSED BY FINANCIERA GUATEMALA AND BY MR. PEDRO OLIVA OF CITIBANK GUATEMALA.

5. EXIMBANK REQUESTS EMBASSY COMMENTS. IN PARTICULAR DOES THIS PURCHASE HAVE SUFFICIENTLY HIGH PRIORITY THAT MINISTRY OF FINANCE GUARANTEE WOULD BE PROVIDED? IF NOT, WOULD MINISTRY CONSIDER SUPPORTING A SMALLER PURCHASE NOW? INFORMATION EMBASSY MAY HAVE ON COMPETITION WOULD ALSO BE HELPFUL. KISSINGER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FINANCE, SALES, DEVELOPMENT BANKS, MOTOR BUSES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 25 AUG 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** KelleyW0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976STATE210680  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** XMB:TACHAPMAN  
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**Errors:** N/A  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
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**Review Authority:** KelleyW0  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** INQUIRY SALE OF BUSES  
**TAGS:** EFIN, GT, XMB  
**To:** GUATEMALA  
**Type:** TE  
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